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## OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

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Date Issued: September 24, 2010

IBA Report Number: 10-77

City Council Docket Date: September 28, 2010

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# Fire-Rescue Wellness Program Agreement

Since December of 2004, the City of San Diego Fire-Rescue Department has engaged the San Diego Sports Medicine and Family Health Center (SDSM) in a five year contract to provide health services supporting the Fire-Rescue Department's Wellness Program. This program offers comprehensive wellness and fitness services for Fire-Rescue staff to identify and mitigate risk factors that can undermine staff health and performance. This agreement expired on June 30, 2010.

On June 17, 2010, the Purchasing and Contracting Department issued a Request for Proposal (RFP) for a Fire-Rescue Wellness Program service provider with the ensuing expiration of the agreement with SDSM. As a result of the RFP process, SDSM was again selected as a provider. The Fire-Rescue Department is now requesting that the City Council authorize a new five year agreement with SDSM totaling \$5.2 million, which exceeds the current budget for this program by \$498,816 over the next four years. The requested actions are as follows:

- 1) *Authorize the Mayor, or his Designee to enter into a five-year agreement between the City of San Diego and the San Diego Sports Medicine Wellness Center*
- 2) *Authorize the Chief Financial Officer (CFO) to increase the Fire-Rescue Department budget FY 2012 through FY 2015 by the following amounts:*

Fiscal Year	GF Budget	Contract Cost	GF Budget Increase	% Increase from GF Budget
2011	\$ 948,985	\$ 948,985	\$ -	
2012	\$ 948,985	\$ 996,434	\$ 47,449	5%
2013	\$ 948,985	\$ 1,046,256	\$ 97,271	9%
2014	\$ 948,985	\$ 1,098,569	\$ 149,584	14%
2015	\$ 948,985	\$ 1,153,497	\$ 204,512	18%

- 3) *Authorize the Chief Financial Officer to appropriate and expend \$5,243,741 to fulfill the contract obligation.*

The IBA has concerns regarding the requested actions. The Council is being asked to authorize a multiyear agreement which exceeds the current budget by \$498,816 over four years. The funding source for \$498,816 in General Fund costs for FY 2012-2015 have not been identified.

The department is requesting the Council to authorize the CFO to increase the department's budget by \$498,816 for FY 2012-2015. This is not an appropriate request at this time, as approved budgets for these years do not exist. The CFO could be requested to reflect these additional costs in the next revision of the Five-Year Outlook. However, given the current fiscal condition, these additional costs may have to be offset by other reductions in the department rather than added to the Outlook.

With deficits being projected for future years in the Mayor's Five-Year Outlook, the IBA does not recommend that the Council obligate future General Fund monies at this time. We recommend that the agreement is authorized only for one year, until additional funding is identified to support the cost escalations in future years. As an alternative, the Council could opt to authorize the expenditure of the amount specified in the Cost Summary for the next five years only in the condition that funding is made available.

**[SIGNED]**

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